

## Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

OIC-02 /100 W

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R 201845Z OCT 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 645

INFO AMEMBASSY CANBERRA

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PASS STR, AGRICULTURE, H PASS CODEL

EO: 11652: N/A

TAGS: ETRD GATT

SUBJ: QR CONSULTATIONS WITH AUSTRALIA

1. FIRST PART OF LONG-DELAYED QR CONSULTATIONS WITH AUSTRALIA HELD 16 OCTOBER. AUSTRALIA (SPENCER) AND U.S. (NEWKIRK) AGREED THAT ANY GENERAL PROCEDURES OR SOLUTIONS ESTABLISHED BY SUBGROUP ON SPECIFIC MEASURES SHOULD APPLY TO ALL PRODUCTS AND THAT CONSULTATION WAS TO BE FACT FINDING EXERCISE, ALTHOUGH AUSTRALIA INDICATED IT WAS MORE CONCERNED WITH FINDING APPROACHES FOR NEGOTIATING U.S. QR'S.

2. DISCUSSION OF AUSTRALIAN NOTIFICATIONS AGAINST U.S. WAS AS FOLLOWS:

(A) MEAT - AUSTRALIA RECITED WELL-KNOWN INTEREST IN U.S. MARKET. U.S. EXPLAINED RATIONALE OF U.S. LAW CITING PRESENT ABSENCE OF QUOTAS, AND PRESENTED U.S. POSITION ON MEAT IMPORTS AS PROVIDED  
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IN BRIEFING PAPER. AUSTRALIA NOTED THAT SINCE IT EXPORTS PRI-

MARILY MANUFACTURE GRADE BEEF TO U.S., ONLY HAS SMALL PORTION OF U.S. MARKET, AND QUOTE PRICES-UP UNQUOTE TO U.S. MARKET, LIBERALIZATION OF RESTRICTIONS FOR AUSTRALIA WOULD NOT BE DISRUPTIVE TO U.S. AUSTRALIA INQUIRED IF U.S. LAW HAD BEEN DISCUSSED IN GATT FORA AND HOW U.S. LAW, IF OPERATIVE, WOULD BE JUSTIFIED UNDER GATT. SINCE THESE POINTS NOT COVERED IN BRIEFING MATERIAL, U.S. NOTED IT WOULD SEEK FURTHER INFORMATION ON THESE GATT QUESTIONS.

(B) DAIRY PRODUCTS - AGAIN, AUSTRALIA EXPRESSED WELL-KNOWN INTEREST IN U.S. MARKET AND DESCRIBED BACKGROUND OF ILL-FEELING BETWEEN U.S. AND AUSTRALIA CITING 1947 U.S. TARIFF CONCESSION ON BUTTER AS SUPERSEDED BY REVISED U.S. QUOTA, SMALL QUOTA ALLOCATIONS, AND U.S. COUNTERVAILING DUTY ACTION ON BUTTER, AS FACTORS. U.S. EXPLAINED RATIONALE FOR DAIRY QUOTAS UNDER SECTION 22, AND INDICATED THAT U.S. LAW IS SUBJECT TO GATT WAIVER. U.S. PRESENTED ESSENTIAL CONDITIONS CONTAINED IN BRIEFING PAPER FOR ANY U.S. ACTION TO REDUCE OR ELIMINATE THOSE QUOTAS; I.E. (1) ELIMINATION OF IMPORT RESTRICTIONS BY OTHER MAJOR IMPORTING COUNTRIES; (2) INTERNATIONAL PROHIBITION OF EXPORT SUBSIDIES; AND (3) CESSATION OF NATIONAL PROGRAMS WHICH FOSTER UNECONOMIC AND EXCESSIVE PRODUCTION. AUSTRALIA COMMENTED THAT (1) WAS QUOTE NOT TENABLE UNQUOTE AS NEGOTIATING PREMISE. REGARDING (2) AUSTRALIA STATED IT HAD REMOVED ITS EXPORT BOUNTY SCHEME AND WITH RESPECT TO (3) AUSTRALIA WAS TAKING STEPS TO REMOVE PROPS FROM DAIRY INDUSTRY. AUSTRALIA RECALLED GATT WAIVER AS TEMPORARY AND INQUIRED AS TO WHAT STEPS U.S. HAD BEEN TAKING TO FULFILL ITS INTENTION, AS STATED IN THE WAIVER, OF REMOVING PROBLEM OF DAIRY SURPLUSES. U.S. CITED ITEMS WHICH HAVE BEEN REMOVED FROM SECTION 22 QUOTAS SINCE THE INITIAL WAIVER (1955) NOTING THAT WAIVER DID NOT SPECIFICALLY APPLY TO DAIRY PRODUCTS. AUSTRALIA SAID IT COULD SUPPORT A SYSTEM WHEREBY DAIRY INDUSTRY WOULD NO LONGER BE PROTECTED BY QUOTAS AND SUBJECTING THOSE WHO DID SUPPORT THEIR DAIRY INDUSTRY TO ANTIDUMPING OR COUNTERVAILING DUTY PENALTIES. AUSTRALIA SPECULATED THAT WITH U.S. COUNTERVAILING DUTY ACTION ON EC DAIRY PRODUCTS THERE MAY BE A SHORT-FALL IN AN EC MEMBER COUNTRY'S QUOTA ALLOCATION AND ASKED IF U.S. WOULD ADOPT A GENERAL POLICY REGARDING REALLOCATION OF QUOTA SHORT-FALLS. U.S. REPLIED THAT QUOTAS MAY BE REVIEWED ON BASIS OF IMPORT PERFORMANCE AT YEAR'S END BUT WAS NOT AWARE OF ANY GENERAL POLICY ON REALLOCATION WITHIN A GIVEN YEAR.

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3. U.S. DEL WOULD APPRECIATE RESPONSE TO QUESTIONS ON GATT JUSTIFICATION IN PARA (A) AND POSSIBLE REALLOCATION OF QUOTA SHORT-FALLS IN PARA 2(B).

4. CONSULTATIONS ON U.S. NOTIFICATION OF AUSTRALIAN QR'S WILL BE SCHEDULED FOR LATER DATE.

5. COMMENT: AUSTRALIAN DAIRY EXPERT IN TOWN FOR MTN DAIRY SUB-GROUP MEETING GAVE FULL FLAVOR OF U.S.-AUSTRALIAN RELATIONS ON SUBJECT. GIVEN NATURE OF QUESTIONS, AUSTRALIA ANXIOUS TO BEGIN EXPLORING NEGOTIATING POSSIBILITIES ON SPECIFIC MEASURES WHILE MAINTAINING POSITION OF INTERRELATIONSHIP OF NTM'S AND TARIFFS. WALKER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DAIRY PRODUCTS, MEATS, TARIFF NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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